May 11, 2017

Flash Report [Japanese GAAP] (Consolidated Basis)

Results for the fiscal year ended March 31, 2017

Company name: Fuji Media Holdings, Inc.

Stock listing: Tokyo Stock Exchange Code number: 4676 URL: http://www.fujimediahd.co.jp/en
Representative: Shuji Kanoh, President and Chief Operating Officer
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Scheduled date of the General Meeting of Shareholders: June 28, 2017
Scheduled date of commencing dividend payments: June 29, 2017
Scheduled date of filing securities report: June 28, 2017
Availability of supplementary briefing material on financial results: Available
Schedule of financial results briefing session: Scheduled

(Figures less than ¥1 million have been omitted.)

1. Consolidated Financial Results

(1) Business Performance

Years ended March 31

Percentages indicate year-on-year increases/(decreases).

	Net sales		Operating income		Recurring profit		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2017	653,976	2.1	22,319	(8.5)	30,380	(6.2)	27,396	20.0
2016	640,572	(0.4)	24,394	(4.8)	32,400	(7.7)	22,835	14.7

(Note) Comprehensive income: Year ended March 31, 2017: ¥ 48,133 million, 641.4 %,
Year ended March 31, 2016: ¥ 6,492 million, (89.3)%

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Recurring profit-to-total-assets ratio	Operating income-to-net-sales ratio
	Yen	Yen	%	%	%
2017	118.50	—	4.2	2.6	3.4
2016	98.75	—	3.6	2.9	3.8

(Reference) Equity in earnings of affiliates: Year ended March 31, 2017: ¥4,317 million,
Year ended March 31, 2016: ¥4,786 million

(2) Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2017	1,185,199	682,062	56.3	2,890.79
2016	1,136,406	638,383	55.4	2,723.63

(Reference) Total shareholders' equity: March 31, 2017: ¥667,843 million,
March 31, 2016: ¥629,785 million

(3) Cash Flows

Years ended March 31

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalent at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2017	48,323	(39,887)	(2,025)	78,161
2016	26,373	(33,838)	22,959	71,429

2. Dividends

Years ended March 31, 2016 and 2017/ Year ending March 31, 2018

	Dividends per share					Total amount of dividends (for the entire fiscal year)	Payout ratio	Dividends-to-net assets ratio
	1Q	2Q	3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
2016	—	20.00	—	20.00	40.00	9,367	40.5	1.5
2017	—	20.00	—	20.00	40.00	9,367	33.8	1.4
2018 (Forecast)	—	20.00	—	20.00	40.00		43.4	

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2018

Percentages indicate year-on-year increases/(decreases).

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	317,900	(3.0)	9,100	(31.6)	12,800	(27.8)
Fiscal year	661,500	1.2	23,500	5.3	30,500	0.4

	Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Yen
Interim period	8,800	(30.9)	38.09
Fiscal year	21,300	(22.3)	92.20

Notes:

1. Significant changes in subsidiaries (changes in specific subsidiaries involving a change in the scope of consolidation) during the subject period: None

   Additions: None Deletions: None

2. Changes in accounting policies, changes in accounting estimates, and modifications and restatements:
   1) Changes in accounting policies based on revision of accounting standards: Yes
   2) Changes in accounting policies other than 1) above: None
   3) Changes in accounting estimates: None
   4) Modifications and restatements: None

   (Note) Please refer to “4. CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES: (5) Notes to Consolidated Financial Statements: Changes in Accounting Policies” on page 27.

3. Number of issued shares (Common stock)

	Years ended March 31	
	2017	2016
1) Number of issued shares (including treasury stock) at end of fiscal year (shares)	236,429,800	236,429,800
2) Number of treasury stock at end of fiscal year (shares)	5,405,228	5,199,629
3) Average number of issued shares during the fiscal year (shares)	231,183,334	231,255,685

(Reference) Flash Report (Non-Consolidated Basis)

Non-Consolidated Financial Results for the Fiscal Year ended March 31, 2017

(1) Business Performance

Years ended March 31 Percentages indicate year-on-year increase/(decrease).

	Net sales		Operating income		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2017	14,620	(14.0)	7,405	(26.4)	10,804	(20.5)	10,439	2.0
2016	17,005	(8.5)	10,062	(14.0)	13,584	12.1	10,235	9.4

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2017	44.58	—
2016	43.71	—

(2) Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2017	741,640	507,979	68.5	2,169.05
2016	703,075	490,802	69.8	2,095.70

(Reference) Total shareholders' equity: March 31, 2017: ¥507,979 million, March 31, 2016: ¥490,802 million

These consolidated financial results are outside the scope of audit.

Explanation of appropriate use of forecasts of financial results; other important items

The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release and certain assumptions considered rational. Actual results may differ materially from the forecasts due to various factors in the future. Regarding the assumptions forming the forecast of financial results, please refer to "1. OVERVIEW OF BUSINESS RESULTS, ETC.: (4) Future Outlook" on page 10.

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1. OVERVIEW OF BUSINESS RESULTS, ETC.

(1) Overview of Business Results for the Fiscal Year under Review

The Japanese government's Monthly Economic Report on the Japanese economy for the fiscal year ended March 31, 2017 states, "Although improvement is delayed in some areas, the economy is on a moderate recovery track. With the continuing improvement trend of the employment and income situation, along with the effect of various government measures, the moderate recovery trend is expected to continue in the future. However, close attention must be paid to the impact of uncertainty in the economies outside Japan and fluctuations in financial and capital markets." The report also states that the business outlook of corporations "is moderately recovering."

Amid this economic environment, the Fuji Media Holdings Group's consolidated net sales increased during the fiscal year under review, up 2.1% from the previous fiscal year to ¥653,976 million, as increases in the Advertising, Urban Development and Other segments offset declines in the Broadcasting, Production, Video and Music and Life Information segments.

In terms of earnings, operating income amounted to ¥22,319 million, down 8.5% year-on-year, because while increases in the Advertising and Urban Development segments were recorded, the Broadcasting, Production, Video and Music, Life Information and Other segments showed decreases in income. Recurring profit decreased 6.2% year-on-year to ¥30,380 million. Net income attributable to owners of the parent increased 20.0% year-on-year to ¥27,396 million, due partially to the fact that a gain on negative goodwill was recorded under extraordinary gain as a result of making Sendai Television Inc. a consolidated subsidiary.

Results by operating segment are as follows.

Years ended March 31

	Net sales			Operating income		
	2016	**2017**	Change	2016	**2017**	Change
	Millions of yen	**Millions of yen**	%	Millions of yen	**Millions of yen**	%
Broadcasting	318,980	**312,721**	(2.0)	8,073	**6,830**	(15.4)
Production	50,834	**49,292**	(3.0)	2,093	**1,819**	(13.1)
Video and Music	50,104	**48,071**	(4.1)	2,365	**1,071**	(54.7)
Life Information	135,556	**130,694**	(3.6)	1,223	**952**	(22.1)
Advertising	42,797	**45,476**	6.3	361	**384**	6.6
Urban Development	82,668	**102,501**	24.0	9,441	**10,968**	16.2
Other	26,066	**29,221**	12.1	541	**245**	(54.7)
Eliminations	(66,436)	**(64,003)**	—	294	**47**	—
Total	640,572	**653,976**	2.1	24,394	**22,319**	(8.5)

Broadcasting

Regarding broadcasting revenue, which accounts for the core of revenue from the broadcasting businesses of Fuji Television Network, Inc. (“Fuji TV”), sales did not grow due mainly to lagging viewer ratings for regular programs, despite the contribution of major sports programs, in the first half. In the second half too, viewer ratings of new programs in the programming lineup in October struggled, and as a result, broadcasting revenue decreased 5.7% from the previous fiscal year to ¥201,498 million.

Network time advertising sales (time advertising for nationwide broadcasts) declined 7.6% year-on-year to ¥87,635 million. Regarding one-off programs, *2016 Rio de Janeiro Olympics Volleyball World Final Qualifier* broadcast from May to June, the *2016 Rio de Janeiro Olympics*-related programs in August, *All Japan Figure Skating 2016* in December, *World Figure Skating Championships 2017* in March, and other sports programs contributed to sales but could not offset the decrease in sales for regular programs which continued to struggle.

Local time advertising sales (time advertising for the Kanto region) declined 6.9% from the previous fiscal year to ¥13,037 million, affected by a decrease in sales slots due to changes in the sales category, despite support from one-off programs.

Spot advertising sales for the full-year period fell below the previous-year level because sales did not grow due to poor viewer ratings, even though market conditions were steady overall except in August which was affected by the Rio de Janeiro Olympics.

By industry category, “Cosmetics/Toiletries” and “Foods” rose above the previous-year levels but “Information/Telecommunication/Broadcasting”, “Office/Precision/Optical Equipment”, “Alcoholic Beverages” and other categories fell below the previous-year levels. As a result, spot advertising sales declined 3.8% from the previous fiscal year to ¥100,826 million.

Revenue from other broadcasting business increased 0.5% year-on-year to ¥33,557 million. Income from domestic program sales did not reach the previous-year level but revenue in communication satellite (CS) broadcasting saw a sharp increase in subscriber income due to the relay broadcasting of Saitama Seibu Lions and other teams, and income from overseas program sales rose.

Net sales of other businesses overall increased 6.6% from the previous fiscal year to ¥45,493 million. For the movie business in this segment, revenue declined, failing to surpass the level of the previous year which had a string of hits such as *HERO*, despite hit films such as *ONE PIECE FILM GOLD* (¥5.18 billion in box office revenues) and *Assassination Classroom: Graduation* (¥3.52 billion in box office revenues). For the event business in this segment, revenue increased substantially thanks to the contribution of Cirque du Soleil’s new show *TOTEM*. For the merchandising business in this segment, revenue dropped as a result of sluggish growth in sales of program-related goods, despite the contribution of food and merchandise of events such as *TOTEM*. For the video business in this segment, year-on-year revenue fell because of weak market conditions and the lack of any mainstay hit dramas. For the digital business in this segment, which was led by a rise in sales for “FOD (Fuji TV On Demand)” due to the success of new services and proactive measures to gain subscribers, revenue decreased as a result of the spin-off of Fuji Games, Inc.

In terms of expenses, although costs in other businesses increased on the strength of higher revenue, we managed to hold overall operating expenses below the level of the previous year, through curbs on costs of broadcasting business as well as selling, general and administrative expenses.

Fuji Satellite Broadcasting, Inc. (BS Fuji) posted increases in both revenue and earnings for four consecutive fiscal years while net sales and operating income reached record highs owing to record levels of spot advertising revenue with contribution in time advertising sales from *Prime News* and TV shopping programs.

Nippon Broadcasting System, Inc. posted an increase in net sales overall thanks to the strong performance of the event business, even though broadcasting revenue decreased because the increase in spot advertising sales was unable to offset the decrease in time advertising sales. Earnings declined due mainly to full-year expenses incurred for the fiscal year under review for supplementary FM broadcasting which started in December 2015.

Sendai Television Inc., which was made a consolidated subsidiary of the Company in December 2016, contributed to net sales and operating income.

As a result, for the Broadcasting segment overall, net sales decreased 2.0% from the previous fiscal year to ¥312,721 million, and segment operating income decreased 15.4% to ¥6,830 million.

Net Sales by Broadcasting Operations

Years ended March 31

	2016	**2017**	Change
	Millions of yen	**Millions of yen**	%
Fuji Television Network, Inc.			
Broadcasting businesses	247,014	**235,056**	(4.8)
Broadcasting	213,626	**201,498**	(5.7)
Network time	94,826	**87,635**	(7.6)
Local time	14,001	**13,037**	(6.9)
Spot	104,797	**100,826**	(3.8)
Other broadcasting business	33,388	**33,557**	0.5
Program sales	17,909	**17,593**	(1.8)
Other	15,478	**15,964**	3.1
Other businesses	42,693	**45,493**	6.6
Subtotal	289,708	**280,550**	(3.2)
Fuji Satellite Broadcasting, Inc. (BS Fuji)	16,761	**17,722**	5.7
Nippon Broadcasting System, Inc.	14,475	**14,566**	0.6
Elimination in the segment	(1,964)	**(117)**	—
Total	318,980	**312,721**	(2.0)

Production

Net sales in the Production segment overall decreased 3.0% from the previous fiscal year to ¥49,292 million due to decreases in the number of orders and order unit prices for programs. Segment operating income declined 13.1% from the previous fiscal year to ¥1,819 million.

Video and Music

Pony Canyon Inc. posted declines in revenue and earnings, reflecting the poor performance of the music and video divisions, despite strong performance of proceeds from ticket and goods sales of music events and concerts, and overseas licensing revenue for animation works.

Fujipacific Music Inc. recorded increases in revenue and earnings thanks to the contribution of royalty revenue and master recording usage fees, which remained at the same level as the previous fiscal year, in addition to the contribution of management revenue and other revenue, despite decreased video production revenue.

As a result, net sales in the Video and Music segment overall declined 4.1% from the previous fiscal year to ¥48,071 million, and the segment operating income decreased 54.7% to ¥1,071 million.

Life Information

The Dinos business of Dinos Cecile Co., Ltd. posted a decrease in overall revenue, because although the performance of television shopping remained strong, the catalog business struggled. In the Cecile business too, the catalog business has been sluggish since autumn and net sales decreased. As a result, both revenue and earnings decreased for the entire business of Dinos Cecile Co., Ltd.

Sankei Living Shimbun Inc. recorded a revenue decline overall due to sluggishness mainly in advertising income from *Living Shimbun* and *City Living*, but operating loss of the previous fiscal year turned into a profit due to cost reduction.

As a result, net sales in the Life Information segment overall decreased 3.6% from the previous fiscal year to ¥130,694 million, with segment operating income decreasing 22.1% from the previous fiscal year to ¥952 million.

Advertising

In the Advertising segment, revenue and earnings increased, reflecting strong performance of radio advertising, out-of-home advertising and online advertising.

As a result, net sales in the Advertising segment overall increased 6.3% from the previous fiscal year to a record high of ¥45,476 million, and segment operating income increased 6.6% from the previous fiscal year to ¥384 million.

Urban Development

The Sankei Building Co., Ltd. recorded a sharp increase in net sales overall and an increase also in earnings, as the mainstay office building business remained robust, and sales of buildings held and revenue from sales of land contributed to a significant increase in revenue in the asset development business, and the number of condominiums sold also rose in the residential business. Both net sales and operating income reached record levels. GRANVISTA Hotels & Resorts Co., Ltd. posted declines in both revenue and earnings due to suspension of operations by some hotels for the purpose of seismic retrofitting and renovation.

As a result, net sales in the Urban Development segment overall increased 24.0% from the previous fiscal year to ¥102,501 million, with segment operating income up 16.2% to ¥10,968 million.

Other

Fujimic, Inc. recorded declines in both revenue and earnings due to decreased orders for systems. Fusosha Publishing Inc. posted increases in both revenue and earnings on the strength of a number of bestsellers and strong performance of its separate volume magazine books (known as “mooks”).

Net sales in the Other segment overall increased 12.1% from the previous fiscal year to ¥29,221 million, and segment operating income decreased 54.7% from the previous fiscal year to ¥245 million.

The eleven Fuji TV network affiliates, including Sendai Television Inc. that was an equity-method affiliate until the third quarter of the fiscal year under review, along with WOWOW Inc. and ITOCHU Fuji Partners, Inc. contributed to the equity in earnings of affiliates.

(2) Overview of Financial Position for the Fiscal Year under Review

Total assets at the end of the fiscal year under review (March 31, 2017) amounted to ¥1,185,199 million, an increase of ¥48,792 million (4.3%) from the end of the previous fiscal year (March 31, 2016).

Total current assets amounted to ¥392,133 million, an increase of ¥6,122 million (1.6%) from the end of the previous fiscal year. This was due mainly to an increase of ¥13,536 million in cash and deposits; against a decrease of ¥6,890 million in notes and accounts receivable-trade.

Total noncurrent assets amounted to ¥792,983 million, an increase of ¥42,696 million (5.7%) from the end of the previous fiscal year. This was due mainly to increases of ¥33,911 million in investment securities; ¥6,881 million in land; and ¥6,328 million in construction in progress.

Total liabilities amounted to ¥503,136 million, an increase of ¥5,113 million (1.0%) from the end of the previous fiscal year. This was due mainly to increases of ¥19,178 million in long-term loans payable; and ¥7,394 million in deferred tax liabilities under noncurrent liabilities; against a decrease of ¥10,000 million in bonds payable (including the current portion).

Net assets at the end of the fiscal year under review amounted to ¥682,062 million, an increase of ¥43,679 million (6.8%) from the end of the previous fiscal year. This was due mainly to the recording of ¥27,396 million in net income attributable to owners of the parent; increases of ¥16,264 million in valuation difference on available-for-sale securities; ¥5,621 million in non-controlling interests; and ¥4,398 million in remeasurements of defined benefit plans; against a decrease of ¥9,367 million in retained earnings due to dividends from surplus.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash flows during the fiscal year under review were as follows.

Cash provided by operating activities amounted to ¥48,323 million, an increase of ¥21,949 million (83.2%) from cash provided during the previous fiscal year. This was due mainly to a ¥15,295 million increase in inventories; a ¥4,860 million decrease in income taxes paid; and a ¥2,120 million increase in interest and dividends income received.

Cash used in investing activities amounted to ¥39,887 million, an increase of ¥6,049 million (17.9%) from cash used in the previous fiscal year. This was due mainly to a decrease of ¥28,219 million in proceeds from sales and redemption of securities; and a decrease of ¥8,767 million in proceeds from sales and redemption of investment securities; against a decrease of ¥14,578 million in payments on purchase of marketable securities; and a decrease of ¥12,582 million in payments on purchase of property, plant and equipment.

Cash used in financing activities amounted to ¥2,025 million, compared to ¥22,959 million in cash provided in the previous fiscal year, a difference of ¥24,984 million. This was due mainly to a decrease of ¥45,926 million in proceeds from long-term loans payable; and an increase of ¥20,000 million in redemption of bonds; against an increase of ¥19,922 million in proceeds from issuance of bonds; and a decrease of ¥18,976 million in repayments of long-term loans payable.

As a result, including an additional ¥570 million increase in cash and cash equivalents from the new consolidation of a subsidiary, the balance of cash and cash equivalents at the end of the fiscal year under review amounted to ¥78,161 million, an increase of ¥6,732 million (9.4%) from the end of the previous fiscal year.

(Reference) Trends in cash flow indices are shown below:

Years ended March 31

	2013	2014	2015	2016	**2017**
Equity ratio (%)	59.1	57.1	59.4	55.4	**56.3**
Equity ratio, based on market value (%)	39.7	43.4	37.0	25.1	**29.9**
Ratio of Interest-bearing debt to cash flow (times)	2.9	6.7	3.4	7.4	**4.2**
Interest coverage ratio (times)	23.6	14.7	26.0	15.6	**31.0**

Notes: Equity ratio: shareholders' equity/ total assets
Market-based rate of equity ratio: total market capitalization/ total assets
Ratio of interest-bearing debt to cash flow: interest-bearing debt/ cash flows
Interest coverage ratio: cash flows/ interest expense

*1. All indices are calculated on a consolidated basis.
*2. The total market value of stocks is calculated by multiplying market value at the balance sheet date by the number of shares issued (with shares of treasury stock deducted) by the balance sheet date.
*3. "Cash flows" refers to cash flows provided by (used in) operating activities as shown in the consolidated statements of cash flows.
*4. "Interest-bearing debt" refers to all debts listed in the consolidated balance sheets on which the Company pays interest. "Interest payments" denotes interest payments as reflected in the consolidated statements of cash flows.

(4) Future Outlook

The Japanese economy is expected to make a moderate recovery partly as a result of various government policy measures. Amid such circumstances, in the Broadcasting segment, an increase in earnings for Fuji TV is expected as a result of cost control, despite an expected decline in revenue due to factors such as a delay in recovery in time advertising sales. Increases in revenue and earnings for the Video and Music segment and the Life Information segment are also anticipated. Accordingly, on a consolidated basis, net sales, operating income and recurring profit are forecasted to exceed the results for the fiscal year under review. Meanwhile, net income attributable to owners of the parent is anticipated to be lower than the result for the fiscal year under review due to the reactionary decline from the recording of gain on negative goodwill as extraordinary gain, resulting from making Sendai

Television Inc. a consolidated subsidiary of the Company in the fiscal year under review, among other factors.

Consequently, for the fiscal year ending March 31, 2018, the Company is forecasting consolidated net sales of ¥661.5 billion, with operating income of ¥23.5 billion, recurring profit of ¥30.5 billion and net income attributable to owners of the parent of ¥21.3 billion.

(5) Basic Policy on Distribution of Company Profits, and Dividends for the Fiscal Year ended March 31, 2017 and the Fiscal Year ending March 31, 2018

Fuji Media Holdings regards the redistribution of profits to its shareholders as one of its most important management responsibilities. Our basic policy, under the certified broadcast holding company structure, is to provide distributions to its shareholders commensurate with performance, while making proactive investments for the growth of the Group's businesses, and entry into new business fields, in order to enhance its corporate value.

The Company's policy regarding the distribution of retained earnings is to determine the disbursement based on a target of payout ratio of 40% on a consolidated basis, with consideration to the stability of dividends from the standpoint of emphasizing the redistribution of profits to its shareholders. Based on this policy and comprehensively taking into consideration the gain on negative goodwill, a special factor in the consolidated financial statements for the fiscal year under review, the year-end dividend for the fiscal year ended March 31, 2017 will be ¥20 per share. Together with the interim dividend of ¥20 per share, this represents a full-year payout of ¥40 per share which is the same amount as that of the fiscal year ended March 31, 2016. The dividend payment will be an item on the agenda of the 76th Ordinary General Meeting of Shareholders scheduled for June 28, 2017.

For the fiscal year ending March 31, 2018, Fuji Media Holdings will maintain this dividend policy. Based on this policy, the Company plans to pay an interim dividend of ¥20 per share and a year-end dividend of ¥20 per share, amounting to a full-year payout of ¥40 per share.

2. MANAGEMENT POLICIES

(1) Basic Management Policy

The Company has established a basic management policy of contributing to realizing the enrichment of the everyday lives of citizens and viewers through various fields centered on broadcasting and including production, video and music, life information, advertising, and urban development, along with aiming to produce and provide contents with broad appeal while remaining constantly aware of the pubic mission and social responsibilities of broadcasting.

Going forward, the Company will strive to achieve growth of the entire Group by strengthening each of its businesses and developing a new earnings foundation while responding to changes in the business environment, in order to earn the trust and meet the expectations of its shareholders and investors.

(2) Management Goals and Indicators

The Company, while emphasizing the distribution of earnings to its shareholders, will aim to expand the earnings of the Fuji Media Holdings Group as a whole as it strives to improve the operating income-to-net-sales ratio and take other initiatives. As for Fuji TV, its core subsidiary, the Company will work to raise viewer ratings, a key indicator mainly for acquiring broadcasting revenue, in an effort to expand earnings.

Further, from the standpoint of realizing continual improvement of its corporate value, the Company will work to ensure efficient utilization of shareholders' equity.

(3) Medium- to Long-Term Management Strategies, and Issues to be Addressed

The Company, under its certified broadcast holding company structure and with operations centered on the terrestrial broadcasting business, operates various media-related businesses.

The Company will continue working to achieve an early recovery in performance of Fuji TV, the core company of the Group, with a view to building a strong business portfolio, as well as push ahead with strengthening all group businesses and developing a new earnings foundation, seeking sustainable growth of the corporate group as a whole.

(i) Expand earnings of broadcasting and content-related businesses

Fuji TV, the core company of the Group which should be leading the consolidated performance, has seen the level of earnings fall mainly as a result of a decrease in broadcasting revenue. The Company realizes that the early recovery in performance of Fuji TV is a crucial management issue. As such, the Company will continue to focus on programming and production to improve viewer ratings, in addition to pushing ahead with reviewing all businesses and expenses, in order to realize a recovery in performance as early as possible.

Furthermore, amid advancements in technologies and diversification of viewing styles, we believe that it is vital to incorporate technological innovation into business and actively acquire new earnings opportunities.

In the streaming business positioned as a growth field, "FOD (Fuji TV On Demand)" has developed into a business that contributes to earnings. In addition to commencing the new subscription service "FOD Premium" last year, we are pushing forward the expansion of original contents, among other things, based on the Group's production capabilities, to further grow our business. At the same time, the Group is receiving requests for program production and content provision from several external streaming platforms and has gained new earnings.

In the broadcasting field too, BS Fuji received business certification for ultra-high-definition BS4K broadcasting, the latest broadcasting technology, in January 2017 and is making preparations to start broadcast in 2018.

Owing to advances in viewing devices and the expansion of services, demand for contents is growing further, and the Group as a whole is proactively incorporating new technologies to strengthen its content production capabilities for various windows.

(ii) Build a strong business portfolio

The Group's earnings are centered on Fuji TV's terrestrial television advertising revenue. However, we are aiming to build a mutually complementary and strong and stable business portfolio as each business becomes a pillar of earnings without being overly susceptible to fluctuations of such revenue.

Although earnings of Fuji TV, the core company of the Group, have been at a low level, we will make efforts to further expand earnings while maintaining a high level of operating income for other subsidiaries as a whole. In growth fields such as urban development and tourism which are showing strong performances, we will strive to further expand the earnings foundation, and while swiftly pressing ahead with reforms in businesses that need to immediately respond to changes in the business environment, we aim to achieve further growth for the Group as a whole.

(iii) Develop a new earnings foundation

The Group, aiming at further growth, will work to further expand and strengthen the earnings foundation through initiatives such as new business development and M&A.

In the well-performing Urban Development segment, The Sankei Building Co., Ltd. and its subsidiary GRANVISTA Hotels & Resorts Co., Ltd. have played a central role in pushing forward initiatives for further growth of the tourism business mainly through planned hotel opening aimed at expanding demand. Since tourism and MICE/IR (which stands for Meeting, Incentive Travel, Convention and Exhibition/Event, and Integrated Resort) are promising fields in Japan's growth strategy, the Group, too, will pursue initiatives in these fields.

Fuji Games, Inc., which was established as a spin-off from Fuji TV in April of last year, has been undertaking development of smartphone games and plans to release major titles during the fiscal year ending March 31, 2018. The Company will aim to expand the game business so that this business will become one of the pillars of the Group's earnings in the future, including rights business and related fields.

Additionally, we are taking various initiatives for the growth of the Group, such as further stabilizing and strengthening the management foundation of well-performing Sendai Television Inc. for the future by making it a consolidated subsidiary of the Company, while striving to expand the earnings foundation of the Group.

3. BASIC STANCE ON SELECTION OF ACCOUNTING STANDARDS

The Fuji Media Holdings Group's policy is to prepare its consolidated financial statements based on Japanese standards for the time being, considering the comparability of consolidated financial statements among periods and among companies.

Regarding the application of the IFRS (International Financial Reporting Standards), the policy is to respond appropriately, considering the various conditions inside and outside Japan.

4. CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2016	**March 31, 2017**
ASSETS		
Current assets:		
Cash and deposits	50,544	**64,081**
Notes and accounts receivable-trade	119,588	**112,698**
Marketable securities	95,364	**98,755**
Inventories	79,842	**78,628**
Deferred tax assets	5,645	**6,160**
Other	35,817	**32,568**
Allowance for doubtful accounts	(791)	**(759)**
Total current assets	386,011	**392,133**
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures	134,666	**134,929**
Machinery, equipment and vehicles	11,336	**10,652**
Land	231,080	**237,962**
Construction in progress	3,652	**9,980**
Other	8,919	**9,131**
Total property, plant and equipment	389,655	**402,656**
Intangible assets		
Goodwill	1,608	**1,433**
Leasehold right	16,628	**16,806**
Software	8,552	**7,778**
Other	7,696	**6,861**
Total intangible assets	34,485	**32,881**
Investments and other assets		
Investment securities	279,764	**313,675**
Net defined benefit asset	73	**83**
Deferred tax assets	17,582	**16,398**
Other	30,598	**28,848**
Allowance for doubtful accounts	(1,874)	**(1,560)**
Total investments and other assets	326,145	**357,445**
Total noncurrent assets	750,286	**792,983**
Deferred assets	108	**82**
Total assets	1,136,406	**1,185,199**

	Millions of yen	
	March 31, 2016	**March 31, 2017**
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	57,943	**56,629**
Short-term loans payable	31,304	**29,497**
Accrued income taxes	3,355	**5,167**
Provision for sales returns	844	**761**
Provision for directors' bonuses	337	**335**
Provision for point card certificates	800	**663**
Provision for environmental measures	13	**17**
Provision for business restructuring expenses	27	—
Other	105,156	**79,261**
Total current liabilities	199,783	**172,333**
Noncurrent liabilities:		
Bonds payable	10,000	**20,000**
Long-term loans payable	120,983	**140,161**
Deferred tax liabilities	60,431	**67,825**
Deferred tax liabilities for land revaluation	12,554	**12,554**
Provision for directors' retirement benefits	1,854	**2,029**
Provision for loss on interest repayment	0	—
Provision for environmental measures	66	**70**
Provision for loss on reconstruction	302	**326**
Provision for business restructuring expenses	13	—
Net defined benefit liability	69,787	**66,399**
Negative goodwill	5,247	**4,668**
Other	16,998	**16,767**
Total noncurrent liabilities	298,239	**330,803**
Total liabilities	498,023	**503,136**

	Millions of yen	
	March 31, 2016	**March 31, 2017**
NET ASSETS		
Shareholders’ equity:		
Capital stock	146,200	**146,200**
Capital surplus	173,673	**173,673**
Retained earnings	272,716	**290,788**
Treasury stock	(9,816)	**(10,248)**
Total shareholders’ equity	582,773	**600,413**
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	61,937	**78,202**
Deferred gains or losses on hedges	(732)	**(325)**
Revaluation reserve for land	1,509	**1,466**
Foreign currency translation adjustment	654	**46**
Remeasurements of defined benefit plans	(16,357)	**(11,958)**
Total accumulated other comprehensive income	47,011	**67,430**
Non-controlling interests	8,598	**14,219**
Total net assets	638,383	**682,062**
Total liabilities and net assets	1,136,406	**1,185,199**

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Years ended March 31

	Millions of yen	
	2016	**2017**
Net sales	640,572	**653,976**
Cost of sales	439,217	**457,509**
Gross profit	201,354	**196,467**
Selling, general and administrative expenses	176,960	**174,147**
Operating income	24,394	**22,319**
Non-operating income:		
Interest income	339	**221**
Dividends income	2,255	**2,452**
Equity in earnings of affiliates	4,786	**4,317**
Amortization of negative goodwill	578	**578**
Gain on investments in partnership	1,152	**615**
Other	1,828	**2,361**
Total	10,941	**10,547**
Non-operating expenses:		
Interests	1,679	**1,447**
Loss on investments in partnership	466	**279**
Other	789	**759**
Total	2,935	**2,486**
Recurring profit	32,400	**30,380**
Extraordinary gain:		
Gain on sales of noncurrent assets	1	**1,179**
Gain on negative goodwill	—	**4,253**
Other	407	**294**
Total	408	**5,728**
Extraordinary loss:		
Impairment loss	825	**949**
Loss on reconstruction	229	**463**
Loss on step acquisitions	—	**1,296**
Other	1,596	**567**
Total	2,652	**3,276**
Income before income taxes	30,157	**32,831**
Income taxes-current	6,810	**6,615**
Income taxes-deferred	280	**(1,543)**
Total	7,091	**5,071**
Net income	23,066	**27,759**
Net income attributable to non-controlling interests	230	**363**
Net income attributable to owners of the parent	22,835	**27,396**

Consolidated Statements of Comprehensive Income

Years ended March 31

	Millions of yen	
	2016	**2017**
Net income	23,066	**27,759**
Other comprehensive income:		
Valuation difference on available-for-sale securities	(8,900)	**16,121**
Deferred gains or losses on hedges	(408)	**297**
Revaluation reserve for land	688	**—**
Foreign currency translation adjustment	7	**(596)**
Remeasurements of defined benefit plans	(7,275)	**4,317**
Share of other comprehensive income of affiliates accounted for using equity method	(686)	**232**
Total other comprehensive income	(16,574)	**20,373**
Comprehensive income	6,492	**48,133**
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	6,354	**47,814**
Comprehensive income attributable to non-controlling interests	137	**318**

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2016 Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of fiscal year	146,200	173,664	260,440	(9,767)	570,537
Changes of items during the fiscal year:					
Dividends from surplus			(9,367)		(9,367)
Net income attributable to owners of the parent			22,835		22,835
Purchase of treasury stock					
Change in equity in affiliates accounted for by equity method - treasury stock				(48)	(48)
Reversal of revaluation reserve for land			(4)		(4)
Increase by merger			(158)		(158)
Change of scope of consolidation			(1,027)		(1,027)
Changes in the parent company's holdings related to transactions involving shareholders with non-controlling interests		8			8
Net changes of items other than shareholders' equity					
Total	—	8	12,276	(48)	12,236
Balance at the current year-end	146,200	173,673	272,716	(9,816)	582,773

(Continued on page 20)

	Accumulated other comprehensive income						**Non-con-trolling interests**	**Total net assets**
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total		
Balance at the beginning of fiscal year	71,012	208	816	184	(9,191)	63,030	5,315	638,883
Changes of items during the fiscal year:								
Dividends from surplus								(9,367)
Net income attributable to owners of the parent								22,835
Purchase of treasury stock								
Change in equity in affiliates accounted for by equity method - treasury stock								(48)
Reversal of revaluation reserve for land								(4)
Increase by merger								(158)
Change of scope of consolidation								(1,027)
Changes in the parent company's holdings related to transactions involving shareholders with non-controlling interests								8
Net changes of items other than shareholders' equity	(9,074)	(941)	693	469	(7,165)	(16,018)	3,282	(12,736)
Total	(9,074)	(941)	693	469	(7,165)	(16,018)	3,282	(500)
Balance at the current year-end	61,937	(732)	1,509	654	(16,357)	47,011	8,598	638,383

Year ended March 31, 2017 Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of fiscal year	146,200	173,673	272,716	(9,816)	582,773
Changes of items during the fiscal year:					
Dividends from surplus			(9,367)		(9,367)
Net income attributable to owners of the parent			27,396		27,396
Purchase of treasury stock				(0)	(0)
Change in equity in affiliates accounted for by equity method - treasury stock				(50)	(50)
Reversal of revaluation reserve for land			43		43
Change of scope of consolidation				(381)	(381)
Net changes of items other than shareholders' equity					
Total	—	—	18,071	(431)	17,639
Balance at the current year-end	146,200	173,673	290,788	(10,248)	600,413

(Continued on page 22)

	Accumulated other comprehensive income						**Non-con-trolling interests**	**Total net assets**
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total		
Balance at the beginning of fiscal year	61,937	(732)	1,509	654	(16,357)	47,011	8,598	638,383
Changes of items during the fiscal year:								
Dividends from surplus								(9,367)
Net income attributable to owners of the parent								27,396
Purchase of treasury stock								(0)
Change in equity in affiliates accounted for by equity method - treasury stock								(50)
Reversal of revaluation reserve for land								43
Change of scope of consolidation								(381)
Net changes of items other than shareholders' equity	16,264	407	(43)	(607)	4,398	20,418	5,621	26,039
Total	16,264	407	(43)	(607)	4,398	20,418	5,621	43,679
Balance at the current year-end	78,202	(325)	1,466	46	(11,958)	67,430	14,219	682,062

(4) Consolidated Statements of Cash Flows

Years ended March 31

	Millions of yen	
	2016	**2017**
Cash flows from operating activities:		
Income before income taxes	30,157	**32,831**
Depreciation and amortization	19,605	**18,307**
Impairment loss	825	**949**
Amortization of goodwill	(345)	**(334)**
Increase (decrease) in net defined benefit liability	(589)	**(851)**
Interest and dividends income	(2,595)	**(2,673)**
Interests expense	1,679	**1,447**
Equity in (earnings) losses of affiliates	(4,786)	**(4,317)**
Gain on negative goodwill	—	**(4,253)**
Loss (gain) on sales of noncurrent assets	(1)	**(1,178)**
Loss (gain) on step acquisitions	—	**1,296**
Decrease (increase) in notes and accounts receivable-trade	7,006	**5,103**
Decrease (increase) in inventories	(10,001)	**5,294**
Increase (decrease) in notes and accounts payable-trade	1,399	**(1,688)**
Other	6,283	**438**
Subtotal	36,071	**50,371**
Interest and dividends income received	1,470	**3,590**
Interest expenses paid	(1,690)	**(1,558)**
Income taxes paid	(12,247)	**(7,387)**
Income taxes refunded	2,769	**3,307**
Net cash provided by operating activities	26,373	**48,323**
Cash flows from investing activities:		
Payments on purchase of marketable securities	(184,044)	**(169,465)**
Proceeds from sales and redemption of securities	191,877	**163,657**
Payments on purchase of property, plant and equipment	(46,233)	**(33,651)**
Proceeds from sales of property, plant and equipment	2	**6,831**
Payments on purchase of intangible assets	(2,862)	**(3,575)**
Proceeds from sales of intangible assets	—	**4,876**
Payments on purchase of investment securities	(7,019)	**(15,485)**
Proceeds from sales and redemption of investment securities	11,900	**3,132**
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	**1,974**
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,615)	—
Other	5,157	**1,818**
Net cash used in investing activities	(33,838)	**(39,887)**

(Continued on page 24)

	Millions of yen	
	2016	**2017**
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	3,405	**506**
Proceeds from long-term loans payable	70,926	**25,000**
Repayments of long-term loans payable	(27,180)	**(8,204)**
Proceeds from issuance of bonds	—	**19,922**
Redemption of bonds	(10,000)	**(30,000)**
Dividends paid	(9,706)	**(9,334)**
Dividends paid to non-controlling shareholders	(96)	**(339)**
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2,929)	**—**
Other	(1,459)	**423**
Net cash provided by (used in) financing activities	22,959	**(2,025)**
Effect of exchange rate changes on cash and cash equivalents	13	**(249)**
Net increase (decrease) in cash and cash equivalents	15,508	**6,161**
Cash and cash equivalents at the beginning of the year	53,620	**71,429**
Increase in cash and cash equivalents from the new consolidation of a subsidiary	19	**570**
Increase in cash and cash equivalents resulting from merger	2,280	**—**
Cash and cash equivalents at the end of the year	71,429	**78,161**

(5) Notes to Consolidated Financial Statements

(Note on Assumptions for Going Concern)

Not applicable

(Important Matters Concerning the Basis for Preparing the Consolidated Financial Statements)

1. Matters concerning the scope of consolidation

(1) Number of consolidated subsidiaries: 43

Names of major consolidated subsidiaries

Fuji Television Network, Inc.
The Sankei Building Co., Ltd.
Dinos Cecile Co., Ltd.

Fuji Television Network, Inc., a consolidated subsidiary of the Company, established Fuji Games, Inc. through a spin-off in April 2016, and made it its consolidated subsidiary.

SKB USA, LLC and SKB Seattle, LLC became consolidated subsidiaries of the Company as of the beginning of the fiscal year under review, considering their recent growing importance.

The silent partnership operated by Koshien Development, LLC became a consolidated subsidiary of the Company in the second quarter of the fiscal year under review, considering its growing importance.

Sendai Television Inc., which had been an affiliate of the Company accounted for by the equity method, became a consolidated subsidiary of the Company as a result of an additional acquisition of shares of Sendai Television Inc. by the Company in December 2016.

(2) Names of major non-consolidated subsidiaries

FCG Research Institute, Inc.

Nippon Planning Center Inc.

Reasons for excluding the subsidiaries from the scope of consolidation

64 non-consolidated subsidiaries are small companies and the aggregate amounts of total assets, net sales, net income/loss and retained earnings (based on the Company's equity interest) thereof have no significant impact on the consolidated financial statements.

(3) Special Purpose Companies (SPCs) subject to disclosure

(i) Summary of the SPCs subject to disclosure and the summary of transactions using the SPCs subject to disclosure

The Group securitizes its properties to diversify funding sources and procure funds in a stable manner. In securitizing properties, the Group transfers its properties to SPCs (particular type of limited liability companies) and receives funds, as sales proceeds, procured by the SPCs through loans, etc. secured by such properties.

The Group leases back the properties transferred to the SPCs. In addition, the Group enters into silent partnership agreements with the SPCs, based on which investments are made therein.

As a result of such securitization, the SPC with a transaction balance is listed as follows. The Group has neither made any investment in the SPC that confers voting rights, nor dispatched any officer or employee thereto.

	March 31, 2016	March 31, 2017
Number of SPCs	1	1
Total assets as of the most recent closing date (simple aggregation) (Millions of yen)	13,272	13,251
Total liabilities (simple aggregation) (Millions of yen)	13,269	13,248

(ii) Amount, etc. of transactions with SPCs subject to disclosure

For the fiscal year ended March 31, 2016

Amounts, etc. of transactions with the SPC in the consolidated fiscal year ended March 31, 2016 are as follows.

	Balance at the end of consolidated fiscal year (Millions of yen)	Major gain/loss	
		Item	Amount (Millions of yen)
Accounts receivable (Note) 1	19	Operating expenses (Note) 2	595
Investments made in silent partnerships	0	—	—

(Notes) 1. Advances paid to the SPC
2. Real estate rental fees paid to the SPC

For the fiscal year ended March 31, 2017

Amounts, etc. of transactions with the SPC in the consolidated fiscal year ended March 31, 2017 are as follows.

	Balance at the end of consolidated fiscal year (Millions of yen)	Major gain/loss	
		Item	Amount (Millions of yen)
Accounts receivable (Note) 1	9	Operating expenses (Note) 2	601
Investments made in silent partnerships	0	—	—

(Notes) 1. Advances paid to the SPC
2. Real estate rental fees paid to the SPC

2. Matters concerning the application of the equity method

(1) Number of non-consolidated subsidiaries accounted for by the equity method: 3

Names of major non-consolidated subsidiaries

FCG Research Institute, Inc.

Nippon Planning Center Inc.

Fujisankei Agency, Inc.

(2) Number of affiliates accounted for by the equity method: 18

Names of major affiliates

Kansai Telecasting Corporation

WOWOW INC.

Diamond Seattle, LLC became an affiliate of the Company accounted for by the equity method as of the beginning of the fiscal year under review, considering its recent growing importance.

(3) Names of major non-consolidated subsidiaries and affiliates not accounted for by the equity method

Tokyo Film Mate Corp.

Fuji & gumi Games, Inc.

SOUND MAN INC.

Reasons for not applying the equity method

The companies not accounted for by the equity method are excluded from the scope of the equity method as they have no significant impact on the consolidated net income/loss and retained earnings and are of little importance as a whole.

(4) Special Notes with respect to the Application of the Equity Method

Concerning the companies accounted for by the equity method, the financial statements for their respective fiscal years are used for those that have a closing date that differs from the consolidated closing date.

No further disclosure is made hereby, as there are no significant changes other than as mentioned above from the descriptions in the latest securities report (submitted on June 28, 2016).

(Changes in Accounting Policies)

In accordance with the revision of the Corporation Tax Act, the Company has adopted the "Practical Solution on a Change in Depreciation Method due to Tax Reform 2016" (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 32, June 17, 2016) as from the fiscal year under review. Accordingly, the depreciation method for facilities attached to buildings and structures that were acquired on or after April 1, 2016 has been changed from the declining balance method to the straight-line method, but the effect of this change is minimal.

(Changes in Presentation)

Consolidated Statements of Income

"Gain on sales of noncurrent assets," which was included in "Other" under "Extraordinary gain" in the previous consolidated fiscal year, is shown separately from the fiscal year under review, as the amount of such gain exceeded 10% of the total extraordinary gain.

"Gain on sales of investment securities" under "Extraordinary gain," which was separately shown in the previous consolidated fiscal year, is included in "Other" from the fiscal year under review, as the amount of such gain fell below 10% of the total extraordinary gain.

The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect these changes in presentation.

As a result, the amount of ¥403 million which was presented as "Gain on sales of investment securities" and the amount of ¥5 million which was presented as "Other" under "Extraordinary gain" in the consolidated statement of income for the previous fiscal year, are reclassified as ¥1 million in "Gain on sales of noncurrent assets" and ¥407 million in "Other."

"Loss on reconstruction," which was included in "Other" under "Extraordinary loss" in the previous consolidated fiscal year, is shown separately from the fiscal year under review, as the amount of such loss exceeded 10% of the total extraordinary loss.

“Loss on valuation of investment securities” under “Extraordinary loss,” which was separately shown in the previous consolidated fiscal year, is included in “Other” from the fiscal year under review, as the amount of such loss fell below 10% of the total extraordinary loss.

The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect these changes in presentation.

As a result, the amount of ¥827 million which was presented as “Loss on valuation of investment securities” and the amount of ¥998 million which was presented as “Other” under “Extraordinary loss” in the consolidated statement of income for the previous fiscal year, are reclassified as ¥229 million in “Loss on reconstruction” and ¥1,596 million in “Other.”

Consolidated Statements of Cash Flows

“Increase (decrease) in allowance for doubtful accounts,” “Increase (decrease) in other provisions” and “Loss (gain) on valuation of investment securities” under “Cash flows from operating activities,” which were separately shown in the previous consolidated fiscal year, are included in “Other” from the fiscal year under review due to their insignificance.

The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation.

As a result, the negative amount of ¥270 million which was presented as “Increase (decrease) in allowance for doubtful accounts,” the negative amount of ¥491 million which was presented as “Increase (decrease) in other provisions,” the amount of ¥827 million which was presented as “Loss (gain) on valuation of investment securities” and the negative amount of ¥6,349 million which was presented as “Other” under “Cash flows from operating activities” in the consolidated statement of cash flows for the previous fiscal year, is reclassified as negative ¥6,283 million in “Other.”

“Proceeds from withdrawal of time deposits” and “Payments into time deposits” under “Cash flows from investing activities,” which were separately shown in the previous consolidated fiscal year, are included in “Other” from the fiscal year under review due to their insignificance.

The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation.

As a result, the amount of ¥15,106 million which was presented as “Proceeds from withdrawal of time deposits,” the negative amount of ¥10,000 million which was presented as “Payments into time deposits” and the amount of ¥51 million which was presented as under “Other” in the consolidated statement of cash flows for the previous fiscal year, is reclassified as ¥5,157 million in “Other.”

(Notes to Consolidated Balance Sheets)

1. Accumulated depreciation for property, plant and equipment

Millions of yen

	March 31, 2016	**March 31, 2017**
Accumulated depreciation for property, plant and equipment	256,074	**271,414**

2. Non-consolidated subsidiaries and affiliates

Millions of yen

	March 31, 2016	**March 31, 2017**
Investment securities (Shares)	92,968	**100,342**
Investment securities (Investments in capital)	4,504	**4,579**

3. Assets pledged as collateral

Millions of yen

	March 31, 2016	**March 31, 2017**
Time deposits (Note) 1	125	**125**
Investment securities (Note) 1	7	**9**
Buildings and structures (Note) 2	2	**2**
Land (Note) 2	92	**92**
Total	228	**230**

(Notes) 1. Time deposits and investment securities are pledged by Quaras Inc., a consolidated subsidiary of the Company, to television broadcasting companies, newspaper companies, etc. in lieu of business guarantee deposits.

2. Buildings and structures and land owned by GRANVISTA Hotels & Resort Co., Ltd., a consolidated subsidiary of the Company, are pledged as real estate collateral for Atami Beach Line Co., Ltd.’s debt obligations.

4. Advanced depreciation

With regard to the fixed assets acquired for and before the consolidated fiscal year under review, the amount of advanced depreciation by government subsidies was as follows. The amounts thereof in the consolidated balance sheet are shown by deducting such amount of advanced depreciation.

Millions of yen

	March 31, 2016	**March 31, 2017**
Buildings and structures	238	**259**
Machinery, equipment and vehicles	335	**342**
Other (Property, plant and equipment)	77	**77**
Software	15	**15**
Total	667	**694**

5. Revaluation of land

Some of the consolidated subsidiaries revalued the land used for their business in accordance with the “Act on Revaluation of Land” (Act No. 34, March 31, 1998). The tax equivalent to this revaluation difference has been stated in Liabilities as “Deferred tax liabilities for land revaluation”.

Of “Revaluation reserve for land,” which is the resulting revaluation difference after deduction of the said tax equivalent, the balance at the time of consolidation of subsidiaries is offset on the consolidated financial statements.

Date of revaluation: March 31, 2002

Revaluation method

The value of land is determined based on the assessed value of real property for property tax purposes, as stipulated in Article 2, Item 3 of the Ordinance for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119, March 31, 1998).

Furthermore, as some of the affiliates accounted for by the equity method of the Company revalued the land used for their business as well, equity equivalents of the revaluation difference after deduction of the tax equivalent have been stated in Net Assets.

6. Inventories

Millions of yen

	March 31, 2016	**March 31, 2017**
Programs and other programs	14,356	**11,869**
Products and goods	15,108	**15,192**
Work in process	966	**1,494**
Real estate for sale	14,007	**20,946**
Real estate for sale in process	24,625	**21,888**
Real estate for development	9,806	**6,260**
Others	972	**975**
Total	79,842	**78,628**

(Notes to Consolidated Statements of Income)

1. The main items and amounts in selling, general and administrative expenses are as follows.

Years ended March 31

Millions of yen

	2016	**2017**
Agent fees	47,975	**45,541**
Advertising expenses	33,692	**32,994**
Personnel expenses	39,424	**38,887**
Retirement benefit expenses	3,796	**4,015**
Provision of allowance for doubtful accounts	154	**132**
Provision for directors' bonuses	336	**318**
Provision for directors' retirement benefits	334	**308**
Amortization of goodwill	233	**244**

2. Research and development expenses included in general and administrative expenses are as follows.

Years ended March 31 Millions of yen

	2016	**2017**
Research and development expenses included in general and administrative expenses	195	**145**

3. Details of gain on sales of noncurrent assets are as follows.

Years ended March 31 Millions of yen

	2016	**2017**
Buildings and structures	0	**7**
Machinery, equipment and vehicles	1	**4**
Land	—	**1,166**
Other	0	**0**
Total	1	**1,179**

4. Impairment loss

For the fiscal year ended March 31, 2016

The Group recorded impairment losses for the following assets.

Location	Usage	Type	Amount (Millions of yen)
(Life Information) Sankei Living Shimbun Inc. Chiyoda, Tokyo	Property for business use	Software, leased assets, buildings and structures	438
(Urban Development) The Sankei Building Co., Ltd. Chuo, Tokyo	Rental building	Buildings and structures	164
GRANVISTA Hotels & Resorts Co., Ltd. Tomakomai, Hokkaido	Property for business use, Unutilized assets	Machinery, equipment and vehicles, land	222

In the Life Information segment, the Group groups business assets by business category and reviews the said assets for any impairment loss. In the consolidated fiscal year under review, the book values of properties for business use, consisting of those for which profitability decreased, were reduced to their respective collectible amounts and such reduced amounts were recorded as an impairment loss under extraordinary loss. The breakdown of such impairment loss was ¥192 million in software, ¥110 million in leased assets included in “Other” under property, plant and equipment, ¥65 million in buildings and structures and ¥70 million in other. The collectible amounts of properties for business use are measured with use value. However, as the use value based on the future cash flow indicates a negative amount, the collectible amounts are deemed to be zero.

In the Urban Development segment, in principle, The Sankei Building Co., Ltd. groups assets by each property and reviews the said assets for any impairment loss. In the consolidated fiscal year under review, the book values of properties to be disposed were reduced to their respective collectible amounts and such reduced amounts were recorded as an impairment loss under extraordinary loss. The breakdown of such impairment loss was ¥161 million in buildings and structures and ¥3 million in other. The collectible amounts of the said asset groups are measured with the higher of the net realizable value and use value, and the net realizable value is considered to be zero, as such assets are difficult to sell or convert to other uses. Future cash flows discounted at a rate of 3.8% are used to compute the use value.

In respect of GRANVISTA Hotels & Resort Co., Ltd., an entity engaged in urban development business, properties for business use, grouped by business unit based on the management accounting rule, and unutilized assets, grouped by individual asset class, are subject to an impairment loss. In the consolidated fiscal year under review, the book values of properties for business use whose profitability declined, and those of unutilized assets not in use for business were reduced to their respective collectible amounts, and such reduced amounts were recorded as an impairment loss under extraordinary loss. The breakdown of such impairment loss was ¥87 million in machinery, equipment and vehicles, ¥75 million in land and ¥59 million in other. The collectible amounts are measured at their net realizable values. Real estate appraisal values are referenced in the evaluation of properties for business use, while property tax assessment values are referenced in the evaluation of unutilized assets.

For the fiscal year ended March 31, 2017
The Group recorded impairment losses for the following assets.

Location	Usage	Type	Amount (Millions of yen)
(Urban Development) The Sankei Building Co., Ltd. Osaka City, Osaka	Rental building	Buildings and structures, Machinery, equipment and vehicles	703
GRANVISTA Hotels & Resorts Co., Ltd. Osaka City, Osaka Tomakomai, Hokkaido	Property for business use	Buildings and structures, Machinery, equipment and vehicles	208

Note: Other than the above, an impairment loss of ¥36 million was recorded in the Video and Music segment but it has been omitted due to its insignificance.

In the Urban Development segment of the Group, in principle, The Sankei Building Co., Ltd. groups assets by each property and reviews the said assets for any impairment loss. In the consolidated fiscal year under review, the book values of group assets to be disposed were reduced to their respective collectible amounts and such reduced amounts were recorded as an impairment loss under extraordinary loss. The breakdown of such impairment loss was ¥700 million in buildings and structures, ¥0 million in machinery, equipment and vehicles and ¥3 million in other. The collectible amounts of the said asset groups are measured with the use value, and the use value is estimated to be zero because of negative future cash flows.

In respect of GRANVISTA Hotels & Resort Co., Ltd., an entity engaged in urban development business, properties for business use, grouped by business unit based on the management accounting rule, are subject to an impairment loss. In the consolidated fiscal year under review, the book values of properties for business use whose profitability declined were reduced to their respective collectible amounts, and such reduced amounts were recorded as an impairment loss under extraordinary loss. The breakdown of such impairment loss was ¥117 million in buildings and structures, ¥61 million in machinery, equipment and vehicles and ¥29 million in other. The collectible amounts of properties for business use of Osaka City, Osaka are measured with the use value, and the use value is estimated to be zero because of negative future cash flows. In addition, the collectible amounts of properties for business use of Tomakomai, Hokkaido are measured with the net realizable value and are estimated based on real estate appraisal values.

(Segment Information)

1. Overview of Reported Segments

The Company's reported segments allow it to acquire financial data separated into the various components of the corporate group. The scope of the segments is reviewed on a regular basis in order to allow the Board of Directors to determine the allocation of management resources, and evaluate earnings performance.

The Group comprises affiliated companies under the certified broadcast holding company Fuji Media Holdings, Inc. These affiliates conduct broadcast-related business activities centering on the mainstay business of broadcasting as prescribed by the Broadcast Act. The Group's six reported segments are "Broadcasting," "Production," "Video and Music," "Life Information," "Advertising" and "Urban Development."

The "Broadcasting" segment includes the TV broadcasting business and radio broadcasting business; the "Production" segment includes planning, production, engineering and relay of programs for broadcast; the "Video and Music" segment includes the production and sale of music and video content, and management of music copyrights; the "Life Information" segment includes direct marketing and free paper publishing; the "Advertising" segment includes the advertising business; and the "Urban Development" segment includes office building leasing, real-estate transactions and hotels and resorts.

2. Calculation Methods for Amounts of Net Sales, Profit or Loss, Assets and Other Items by Reported Segment

The accounting methods for reported business segments are basically the same as the significant items that form the basis for preparation of the consolidated financial statements. Profit figures for reported segments are on an operating income basis. Inter-segment net sales and transfers are based on prevailing market prices.

3. Information on Amounts of Net Sales, Profit or Loss, Assets and Other Items by Reported Segment

Year ended March 31, 2016

Millions of yen

	Reported segment							Other (Note 1)	Total	Adjust-ment (Notes 2 and 3)	Consolidated statement of income (Note 4)
	Broad-casting	Produc-tion	Video and Music	Life Informa-tion	Advertis-ing	Urban Develop-ment	Total				
Net sales:											
Net sales to third parties	302,292	21,210	49,189	134,911	39,523	82,131	629,259	11,312	640,572	—	640,572
Inter-segment net sales and transfers	16,687	29,624	914	645	3,273	537	51,682	14,753	66,436	(66,436)	—
Total net sales	318,980	50,834	50,104	135,556	42,797	82,668	680,942	26,066	707,008	(66,436)	640,572
Segment operating income	8,073	2,093	2,365	1,223	361	9,441	23,558	541	24,100	294	24,394
Segment assets	380,706	36,463	58,376	52,313	13,427	374,817	916,105	21,101	937,207	199,199	1,136,406
Other:											
Depreciation	11,385	855	1,044	1,211	16	4,778	19,292	541	19,833	(227)	19,605
Amortization of goodwill	—	5	31	29	0	166	233	0	233	—	233
Increase in property, plant and equipment and intangible assets	6,627	1,236	263	727	36	39,991	48,884	703	49,588	(189)	49,398

Notes:
1. The “Other” category is a business segment not included in reported segments. It includes such operations as publishing, temporary agency services, movables leasing and software development.
2. The segment operating income adjustment of ¥294 million mainly comprises ¥4,851 million in eliminations of inter-segment business, together with minus ¥4,557 million in Group-wide expenses not allocated to a particular reported segment. Group-wide expenses are the expenses of the parent company as a certified broadcast holding company.
3. The segment assets adjustment of ¥199,199 million mainly comprises minus ¥450,860 million in inter-segment credit eliminations, together with ¥650,059 million in Group-wide assets not allocated to a particular reported segment. Group-wide assets mainly included the Company’s surplus funds (cash and deposits, marketable securities, etc.), funds for long-term investment (investment securities, etc.), and assets for divisions connected with management divisions.
4. Segment operating income is adjusted to the operating income figure on the Consolidated Statement of Income.

Year ended March 31, 2017

Millions of yen

	Reported segment							Other (Note 1)	Total	Adjust-ment (Notes 2 and 3)	Consolidated statement of income (Note 4)
	Broad-casting	Produc-tion	Video and Music	Life Informa-tion	Advertis-ing	Urban Develop-ment	Total				
Net sales:											
Net sales to third parties	294,828	22,322	47,130	130,024	42,226	101,988	638,521	15,454	653,976	—	653,976
Inter-segment net sales and transfers	17,893	26,969	941	669	3,250	513	50,236	13,766	64,003	(64,003)	—
Total net sales	312,721	49,292	48,071	130,694	45,476	102,501	688,758	29,221	717,979	(64,003)	653,976
Segment operating income	6,830	1,819	1,071	952	384	10,968	22,026	245	22,271	47	22,319
Segment assets	392,490	37,821	57,885	50,949	14,159	390,971	944,278	26,077	970,355	214,843	1,185,199
Other:											
Depreciation	10,530	939	736	1,069	20	4,605	17,900	649	18,550	(243)	18,307
Amortization of goodwill	—	5	31	40	0	166	244	0	244	—	244
Increase in property, plant and equipment and intangible assets	5,278	1,328	1,493	888	4	30,331	39,324	826	40,151	(194)	39,957

Notes: 1. The “Other” category is a business segment not included in reported segments. It includes such operations as publishing, temporary agency services, movables leasing and software development.

2. The segment operating income adjustment of ¥47 million mainly comprises ¥4,923 million in eliminations of inter-segment business, together with minus ¥4,876 million in Group-wide expenses not allocated to a particular reported segment. Group-wide expenses are the expenses of the parent company as a certified broadcast holding company.

3. The segment assets adjustment of ¥214,843 million mainly comprises minus ¥474,154 million in inter-segment credit eliminations, together with ¥688,998 million in Group-wide assets not allocated to a particular reported segment. Group-wide assets mainly included the Company’s surplus funds (cash and deposits, marketable securities, etc.), funds for long-term investment (investment securities, etc.), and assets for divisions connected with management divisions.

4. Segment operating income is adjusted to the operating income figure on the Consolidated Statement of Income.

(Amounts per Share)

The amounts of net assets per share and basic earnings per share with their respective bases of calculation are as follows.

	March 31, 2016	**March 31, 2017**
(1) Net assets per share (Yen)	2,723.63	**2,890.79**
(Basis for calculating)		
Total net assets on the consolidated balance sheet (Millions of yen)	638,383	**682,062**
Total net assets related to shares of common stock (Millions of yen)	629,785	**667,843**
Major components of the difference (Millions of yen) Non-controlling interests	8,598	**14,219**
Number of shares of common stock issued (Shares)	236,429,800	**236,429,800**
Number of shares of treasury stock (Shares)	5,199,629	**5,405,228**
Number of shares of common stock used to determine net assets per share (Shares)	231,230,171	**231,024,572**

Years ended March 31

	2016	**2017**
(2) Basic earnings per share (Yen)	98.75	**118.50**
(Basis for calculating)		
Net income attributable to owners of the parent on the consolidated statement of income (Millions of yen)	22,835	**27,396**
Net income attributable to owners of the parent related to shares of common stock (Millions of yen)	22,835	**27,396**
Average number of issued shares of common stock during the fiscal year (Shares)	231,255,685	**231,183,334**

(Note) Information on diluted earnings per share is omitted, since there is no potentially dilutive share.

(Significant Events after the Reporting Period)

Return of substitutional portion of employees' pension fund

The Company and its consolidated subsidiaries, Fuji Television Network, Inc., Nippon Broadcasting System, Inc. and Kyodo Television, Ltd., are members of the Fuji Employees' Pension Fund. Concerning the substitutional portion of the employees' pension fund, the Fuji Employees' Pension Fund obtained an approval of exemption of its future payment obligations by the Minister of Health, Labour and Welfare on April 1, 2017. In the future, on the day of approval of return of past portions of the substitutional portion and the day of return of pension assets, the Company and the consolidated subsidiaries are scheduled to recognize the extinguishment of retirement benefit obligations associated with past portions of the substitutional portion by recording a gain associated with the return of the substitutional portion.

5. OTHERS

Changes in Representative Director and Other Directors

Fuji Media Holdings, Inc. (the "Company"), at the meeting of its Board of Directors held today, informally decided to make the following changes in its representative director and other directors. The formal decision on these changes is to be made at the 76th Ordinary General Meeting of Shareholders scheduled for June 28, 2017 and the subsequent meeting of the Board of Directors.

(1) Change in Representative Directors

1) Reason for the change

Reorganization of the management structure due to expiration of term of office

2) Content of the change

Name	New Title	Current Title
Shuji Kanoh	Chairman and Representative Director	President and Chief Operating Officer
Masaki Miyauchi	President and Representative Director	Executive Managing Director
Hisashi Hieda	Executive Managing Advisor	Chairman and Chief Executive Officer

3) Career summary of the new representative director

New title	President and Representative Director
Name	Masaki Miyauchi
Date of birth	January 28, 1944
Birthplace	Yamaguchi, Japan
Career summary	

March 1967	Graduated from the Faculty of Law, Keio University
April 1967	Joined Fuji Television Network, Inc.
June 1999	Senior Executive Director, Programming and Production Department, Fuji

	Television Network, Inc.
July 2000	Executive Officer and Managing Director of Programming and Production Department, Fuji Television Network, Inc.
June 2001	Senior Executive Managing Director, in charge of Programming and Production, Public Relations, Fuji Television Network, Inc.
June 2003	Senior Executive Managing Director, in charge of General Affairs, Human Resources, Information Systems, TV Code Affairs, Fuji Television Network, Inc.
June 2005	Senior Executive Managing Director, in charge of Executive Office, General Affairs, Human Resources, Information Systems, and TV Code Affairs, Fuji Television Network, Inc.
June 2006	Executive Vice President, responsible for corporate strategies, Fuji Television Network, Inc.
June 2007	President and Representative Director, Okayama Broadcasting Co., Ltd.
July 2015	President, Fuji Satellite Broadcasting, Inc. (BS Fuji) (to date)
June 2016	Executive Managing Director of the Company (to date) Executive Managing Director, Fuji Television Network, Inc. (to date)

No. of shares held 21,613 shares (As of March 31, 2017)

* "No. of shares held" refers to substantial number of shares held, including holdings by officer shareholding association.

4) Expected date for assumption of office

June 28, 2017

(2) Changes in Other Directors

1) Candidates for newly appointed director

Name	New Title	Current Title
Tsuyoshi Habara	Senior Executive Managing Director	Senior Executive Managing Director, Fuji Satellite Broadcasting, Inc. (BS Fuji)
Ichiro Kishimoto	Executive Managing Director	Senior Executive Managing Director, Fuji Television Network, Inc.
Atsushi Yokoyama	Executive Managing Director	Executive Managing Director, Fuji Television Network, Inc.
Kazutoshi Matsumura	Executive Managing Director	Executive Vice President, Fuji Satellite Broadcasting, Inc. (BS Fuji)
Takashi Ishihara	Executive Managing Director	Executive Officer and Managing Director, Programming and Production Department, Fuji Television Network, Inc.
Yoshishige Shimatani	Executive Managing Director	President, Toho Co., Ltd.

2) Directors planning to retire

Name	Current Title
Kou Toyoda	Vice Chairman and Executive Managing Director
Chihiro Kameyama	Executive Managing Director
Toru Ota	Executive Managing Director
Koji Inaki	Executive Managing Director
Katsuaki Suzuki	Executive Managing Director
Isao Matsuoka	Executive Managing Director

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